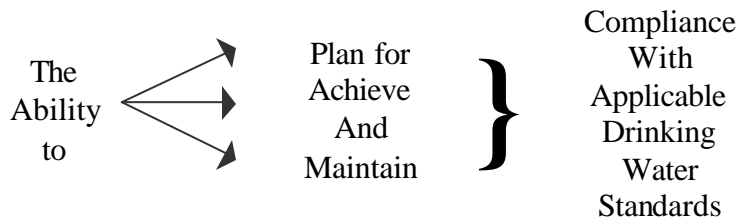


# Capacity Development Fact Sheet

## Capacity is...



- The 1996 Amendments to the Safe Drinking Water Act outline two programs that states must implement to receive their full Drinking Water State Revolving Fund (DWSRF) allotment.
  - New System Program – States must ensure that new systems commencing operation after October 1, 1999, have adequate **T**echnical, **F**inancial, and **M**anagerial (TFM) capacity before providing water service to their customers.
  - Existing System Strategy – States must develop and implement a strategy to help existing public water supply systems achieve and maintain TFM capacity no later than August 6, 2000.
- The fundamental goals of Capacity Development are:
  - To protect public health by ensuring consistent compliance with drinking water standards, including federal and state regulations and other applicable standards of performance.
  - To enhance performance beyond compliance through measures that bring about efficiency, effectiveness, and service excellence.
  - To promote continuous improvement through monitoring, assessment, and strategic planning. All water systems, regardless of size or other characteristics, can benefit from a program of continuous improvement.
- Kansas Capacity Development Program Emphasis
  - Provide water system board/council continuing education to improve TFM capabilities
  - Provide on-site technical assistance to small systems to improve TFM capabilities
  - Assess improvements in TFM capacity through the triennial Capacity Development Survey

- For a system to have capacity, adequate capability is required in three distinct but interrelated areas:
- **Technical** – The physical and operational ability of a water system to meet SDWA requirements, including the adequacy of physical infrastructure, technical knowledge and capability of personnel, and adequate source water.
  - **Financial** – The ability of a water system to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with SDWA requirements.
  - **Managerial** – The ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with SDWA requirements, including institutional and administrative capabilities.

Elements of Technical Capacity	
Source Water Adequacy	The source is adequate to meet current and future demands, is of generally good quality and is adequately protected.
System Operations: Technical Knowledge and Implementation	System employs a certified operator who understands the benefits of public health protection, knows the applicable drinking water standards, understands the system's technical and operation characteristics, and is successfully implementing the system's operation and maintenance plan.
Infrastructure Adequacy	Infrastructure adequacy and improvement means the system can provide water that meets SDWA standards because its infrastructure, from source to distribution, is in good condition and has not exceeded its useful life.

Elements of Financial Capacity	
Revenue Sufficiency	Revenue sufficiency is the cornerstone of a well-run system. Revenues from rates and charges should cover system expenses. A system should know, and be able to measure, all costs and revenues. Rates should reflect the true cost of service.
Fiscal Management and Controls	Sound financial management allows a system to maintain efficient and effective operations. This includes keeping adequate books and records, using appropriate budgeting, accounting, and financial planning methods, and managing revenues effectively.
Credit Worthiness	Having an established credit rating will allow the system to access funds for an emergency or for implementation of a capital improvement plan. Financial institutions will look at the health of the system, as measured through indicators, ratios and ratings, previous credit records, and proof of repayment is assured, when determining whether the system is a good credit risk. Having access to capital through public or private sources is one element of a financially capable system.

Elements of Managerial Capacity	
Ownership Accountability	Ownership accountability ensures that the system owners are clearly identified and can be held accountable for the system. Identification of roles and responsibilities can help prevent confusion, mistakes and misunderstandings in the daily operation of the system. Owners are actively involved in capital improvement and strategic planning to meet short and long-term needs of the system.
Staffing and Organization	System operators and managers should be clearly identified and their roles and responsibilities should be clearly explained. System personnel should have adequate expertise to manage operations, understand the regulatory requirements, and have the necessary licenses and certifications. Another aspect of staffing and organization is ensuring the ongoing training of managers and operators.
Effective External Linkages	Water system personnel need to interact regularly with their customers and with regulators. System personnel also need to know where to get technical or financial help. Building relationships with assistance providers, regulators, and water users will increase a system's ability to solve problems as they occur.

**For more information on the Kansas Capacity Development Program call (785) 368-7130.**  
**Or visit the KDHE web page: <http://www.kdhe.state.ks.us/pws/capdev>**  
 Information for this fact sheet was obtained from U.S. EPA Drinking Water Academy Electronic Workshop:  
<http://www.epa.gov/safewater/dwa/electronic.html>